Quarterly Activities Report

FOR THE THREE MONTHS ENDING 30 SEPTEMBER 2024

Key Points

- Syrah Group Total Recordable Injury Frequency Rate ("TRIFR") of 1.9 at quarter end
- US$150 million binding loan with United States International Development Finance Corporation to provide long-term working and sustaining capital support to Balama[1]
- Global EV sales grew 17% in the September 2024 quarter, compared with the September 2023 quarter, to 4.2 million units[2], biased to strong growth in China
- Strong global coarse flake market and expected growth from 2025 in ex-China fines market
- Oversupply of synthetic graphite AAM and unsustainable price declines resulting in higher use of synthetic graphite AAM within China, suspended spherical graphite production, dampened natural graphite fines demand in China, and low-cost AAM supply from China to ex-China battery markets
- Chinese anode market conditions leading to deteriorating financial performance and distress in Chinese AAM suppliers
- Natural graphite sales from inventory with no Balama production campaign required during the quarter
- 12kt natural graphite sold and shipped to third-party customers at US$698 per tonne (CIF)[3] weighted average sales price with a high proportion of high-priced coarse flake sales and low fine flake sales to Chinese anode customers reflective of record low prices and demand
- Vidalia ramp up awaiting timing certainty on commercial sales to reduce operating losses and inventory working capital
- ~130t AAM production from Vidalia and ~40t AAM sales to customers for qualification processes
- No operational constraints to increasing Vidalia AAM production to offtake commitments when required by customers
- Good progress in Vidalia AAM qualification processes with customers
- Vidalia AAM sales expected to commence in 2025 with the actual timing dependent on qualification progress, US Government policy clarification, competing tariffed volumes of low-cost Chinese AAM supply to North America, and customer purchasing intent
- Urgent clarification by US Government of ex-China graphite sourcing "transition rules" under the US Inflation Reduction Act ("IRA") is required for Syrah's near-term Balama natural graphite fines sales and Vidalia AAM sales into ex-China battery supply chains
- Progression of Vidalia's expansion to a 45ktpa AAM, inclusive of 11.25ktpa AAM, production capacity ("Vidalia Further Expansion") to a FID is awaiting Vidalia sales and dependent on customer and financing commitments
- Quarter end cash balance of US$61 million, including restricted cash of US$41 million of which US$20 million is available to fund Vidalia operating and capital costs[4]

---

[1] Refer ASX releases 11 September 2023 and 30 October 2024.
[2] Source: GlobalData.
[3] Based on third-party customer sales.
[4] Subject to US Department of Energy approval.

Balama Graphite Operation ("Balama") – Mozambique

Syrah recorded a TRIFR of 0.7 at quarter end for Balama. During the quarter, an employee sustained a permanent impairment injury at Balama. The Company is providing support to him and his family.

Quarter Ending	*Unit*	30 September 2023	31 December 2023	31 March 2024	30 June 2024	30 September 2024
Plant Feed	*Tonnes ('000)*	130	138	75	145	0
Plant Feed Grade	*TGC*[5]	18%	17%	18%	20%	N/A
Recovery	*%*	73%	77%	78%	78%	N/A
Graphite Produced	***Tonnes ('000)***	**18.0**	**19.5**	**11.4**	**23.5**	**0.0**
Fine/Coarse Mix	-	88/12	87/13	86/14	88/12	N/A
Average Fixed Carbon	*%*	95%	95%	95%	95%	N/A

Balama plant operations were paused through the September 2024 quarter, with no natural graphite production, due to inventory being sufficient for sales and low fines demand. Further Balama operations are awaiting improved market demand and sales orders for Balama natural graphite products.

Syrah completed inspections and planned equipment maintenance, and changed out spares with reduced operating personnel onsite to prepare for future production campaigns. Mining activities proceeded to build high grade run of mine stockpiles ahead of the wet season. The second cell of the Balama Tailings Storage Facility ("TSF") was completed and commissioned during the quarter. Tailings deposition to this TSF cell will commence with the next production campaign.

Balama C1 fixed costs (FOB Nacala/Pemba) were below US$4 million per month and there was further incremental working capital associated with mining and product logistics activities in preparation for production and for ongoing product sales.

Syrah is continuing to operate Balama in campaign mode, targeting high-capacity utilisation production campaigns followed by non-operating periods determined by inventory levels and new sales demand. Further cost-saving measures have been implemented to optimise standby costs during non-operating periods while preserving Balama's capability to return to higher capacity utilisation as quickly as possible should natural graphite fines demand increase. The Company is maintaining its commitments to social development, community and governance. Guidance for Balama C1 fixed costs (FOB Nacala/Pemba) in non-operating periods remains US$4 million per month with estimated savings in labour and logistics costs offset by higher maintenance costs.

Balama C1 cost (FOB Nacala/Pemba) medium-term guidance is US$430-480 per tonne at a 20kt per month production rate, with the lower end of the range assuming a normalisation of diesel price to historical levels. Balama's operating costs are expected to reduce as the production rate increases with maximum capacity utilisation targeting C1 costs (FOB Nacala/Pemba) of US$350-390 per tonne.

Community and Security

The rates of Mozambican national employment, local host community and female employment were 97%, 40% and 19%, respectively, of Balama's total labour contingent excluding contractors. Value accruing to local employees, Mozambican contractors, and suppliers, and eight local host communities from Balama's operations and community development programs is significant, and having a positive impact on local stakeholders remains a key priority for the Company.

A protest action at Balama, linked to a small contingent of farmers with historical farmland resettlement grievances, conflated with unrelated issues, is currently hindering the movement of people, interrupting site access and leading to uncertainty in scheduling the next production campaign.

The protest has not resulted in any damage to plant and equipment at Balama, and all employees and contractors remain safe. As the non-operating period at Balama was longer than anticipated due to the protest, non-essential people have been demobilised from site and a full contract security presence remains.

[5] TGC = Total Graphitic Carbon.

Despite the actions of protestors illegally impacting operational processes, the Company is motivated to engage with Mozambique Government authorities and its host communities to ensure a permanent and positive resolution.

The Company has conducted all resettlement activities and provided compensation in full compliance to legislative requirements and under the oversight of independent auditors. Positive feedback has been received from most farmers who had their farming plots resettled and/or been compensated since 2014.

Mozambique general election results were announced on 24 October 2024. The ruling Frelimo party extended its majority in Mozambique Parliament and Frelimo's candidate, Daniel Chapo, was elected to become Mozambique's next president. The official results are subject to confirmation by the Constitutional Council. There have been nationwide, and in some cases violent, protests associated with the electoral process that have caused disruptions throughout Mozambique.

Natural Graphite Sales and Marketing

Quarter Ending	*Unit*	30 September 2023	31 December 2023	31 March 2024	30 June 2024	30 September 2024
Graphite Sold and Shipped[6]	*kt*	23.2	17.5	20.1	10.3	11.8
Graphite Shipped to Vidalia	*kt*	3.4	3.1	0.5	0.0	1.5
Fine/Coarse Sales Mix[6]	*% sold*	87%	85%	81%	75%	78%
Average Sales Price (CIF Destination Port)[6]	*US$ per tonne*	515	490	607	735	698
Average Implied Sales Price (FOB Nacala/Pemba)[6]	*US$ per tonne*	437	413	522	615	606
Finished Product Inventory[7]	*kt*	20	19	9	23	11

Natural graphite sales to third-party customers for the quarter were 12kt with very low sales to China for a third consecutive quarter. Intense competition in the Chinese domestic battery anode market continues to weigh on natural graphite fines demand and spot prices in the China market. Global coarse flake demand strengthened even further with limited apparent availability from Chinese exports and other suppliers. Syrah's coarse flake availability for sales later in the quarter were constrained by depleted inventory and no production campaigns.

Finished product inventory at quarter end was 11kt[7], and a further production campaign is anticipated in the December 2024 quarter to replenish inventories.

The weighted average sales price of natural graphite sales to third-party customers was US$698 per tonne (CIF) for the quarter, which was slightly lower than the June 2024 quarter due to a higher proportion of fines in the sales mix offset by higher fine and coarse flake prices.

Syrah's future Balama production volume and sales plan will be dependent on adequate fines demand at improved prices. Ex-China anode production capacity is expected to require increased fines volume from early 2025.

Shipping market

During the quarter, Syrah's average freight rate for natural graphite shipments from Nacala and Pemba, excluding Vidalia shipments, averaged US$92 per tonne across low container shipments and no breakbulk shipment volumes. Syrah completed an unusually high proportion of container shipments to ex-China destinations. Shipping rates from Mozambique to major customer destinations reduced during the quarter as shipping lines added extra capacity for the agricultural product peak season. Impacts of the Middle East conflict on shipping routes inflated freight costs to European destinations and recent strike action in selected ports in the USA increased congestion late in the September 2024 quarter.

---

[6] Based on third-party customer sales
[7] Finished product inventory includes saleable inventory at Balama, Nacala, Pemba, China and USA (excluding Vidalia).

Medium-term natural graphite sales strategy

Syrah's medium-term natural graphite sales strategy is to balance integrated consumption through Vidalia, with an increasing proportion of sales volume ex-China, and residual sales volumes to China. Robust global EV production and sales growth is expected to result in high demand for AAM globally requiring significantly higher imported natural graphite into emerging non-integrated anode processing facilities outside China.

Sales contracts to the two most significant ex-China AAM capacity developments demonstrate the importance of Balama in supporting incumbent anode producers' expansion plans and new project developments. Following an initial large volume sale to Indonesia earlier this year[8], the Company is targeting further natural graphite fines breakbulk sales to PT Indonesia BTR New Energy Materials ("BTR Indonesia"). BTR Indonesia commissioned an 80ktpa AAM facility in Morowali Industrial Park in Indonesia during the quarter and is expected to commence construction of an expansion project to double production capacity in 2025. Syrah's contract with Posco Future M Co., Ltd (KRX: 003670) ("Posco Future M")[9], the largest ex-China AAM producer, is a six-year large-volume floating-price offtake agreement for supply to an AAM facility in South Korea that is expected to require deliveries of Balama natural graphite fines from late 2025.

The Company has executed offtake agreements or is engaged commercially with nine other ex-China natural graphite anode project companies, as well as auto OEMs and battery manufacturers, for long-term natural graphite supply from Balama. The updated guidance on the IRA and delayed non-Foreign Entities of Concern ("FEOC")[10] graphite sourcing requirements have not impacted commissioning of already sanctioned ex-China anode supply developments but has led to a cautious approach in future staged development of ex-China anode supply.

Prioritising ex-China natural graphite supply remains strategically imperative to such suppliers to sustain qualification processes to sell into ex-China customer markets, for supply chain independence and to help qualify customers for various incentive programs in ex-China markets. Balama is the only major independent source of high quality, large volume capacity production able to underpin the near-term development of new spherical and AAM production capacity outside China.

Vidalia Active Anode Material Facility ("Vidalia") – USA

Syrah recorded a TRIFR of 10.3 at quarter end for Vidalia. No lost time injuries were sustained and contractor hours worked at Vidalia operations were significantly lower in the quarter.

Natural graphite AAM sales and customer arrangements

Syrah executed an offtake agreement with Tesla to supply natural graphite AAM from the 11.25ktpa AAM Vidalia facility in December 2021[11]. Timing of offtake commencement and other product sales will be determined by Tesla's commercial considerations and completion of qualification, to Tesla's and other customers' satisfaction, to confirm consistent production of quality AAM aligned with contractual and technical requirements such as product specification as well as the achievement of threshold production rates. Syrah has materially progressed three potential arrangements for near-term sales to further customers. Syrah expects that Vidalia AAM sales under offtake arrangements will commence in 2025, with actual timing dependent on qualification progress, US Government policy clarification, competing volumes of low-cost Chinese AAM supply to North America, and customer purchasing intent. A development in any one of these factors may materially change timing of Vidalia AAM sales. The Company is working towards achieving earliest possible offtake revenue from Vidalia. During the quarter, Vidalia recorded 40t AAM sales into customer sample orders for continuing qualification processes.

New facility qualification processes for the 11.25ktpa AAM Vidalia facility is advancing with testing of commercial scale production samples underway with 12 customers. Further positive qualification feedback was received from, and key milestones achieved, with three tier 1 battery manufacturers, including on additional AAM product streams produced during the September 2024 quarter. AAM production from the 11.25ktpa AAM is consistently achieving particle size distribution, graphite purity, metallic impurities, first cycle efficiency in cells, and other targeted requirements.

Further to the 8ktpa AAM offtake obligation from the 11.25ktpa AAM Vidalia facility, Tesla exercised an option in December 2022 to offtake an additional 17ktpa AAM from Vidalia at a fixed price and for an initial term of no less than four years,

---

[8] Refer ASX release 8 April 2024.
[9] Refer ASX release 1 March 2024.
[10] FEOC includes all entities domiciled and/or operating production facilities located in China and suppliers domiciled and/or operating production facilities outside of China with greater than 25% Board representation, voting rights and/or equity interests with the Chinese Government or Chinese Government-affiliated entities.
[11] Refer ASX releases 23 December 2021 and 29 December 2021.

subject to the further expansion of Vidalia's production capacity to 45ktpa AAM[12]. Finalisation of a binding offtake agreement with Tesla for this additional volume is subject to Syrah's agreement on qualification and sales terms and will be influenced by progress towards sales to Tesla from the 11.25ktpa AAM Vidalia facility.

Syrah believes that several of its target customers are waiting for final transition rules from the US Government for non-FEOC graphite sourcing under Section 30D and the outcome of the US election before progressing Vidalia AAM offtake agreements further with the Company. Regardless of the US election outcome, US production of AAM will be deemed to be important, and once there is greater certainty on policy settings further Vidalia AAM offtake agreements are expected to be finalised. The Company completed commercial negotiations and documentation for a significant offtake agreement with a tier 1 US-based customer for AAM supply. However, disappointingly it did not progress to execution during the quarter. Syrah will maintain engagement on this agreement as policy and market conditions evolve, with the benefit of all commercial terms having been previously agreed. The Company is in various stages of commercial discussions with nine customers for multi-year AAM supply from Vidalia and has entered non-binding MOUs with Ford Motor Company and SK On Ltd[13], LG Energy Solution[14] and Samsung SDI[15] towards this objective. Syrah is advancing qualification processes with these customers. Market growth and sourcing diversification (e.g. localisation / ESG, Government policy support) are underpinning Syrah's commercial position in customer engagement.

Commercial sales from the 11.25ktpa AAM Vidalia facility and additional offtake agreements are pivotal for a final investment decision ("FID") on the Vidalia Further Expansion project and will anchor the lead time to more significant Vidalia AAM supply becoming available for customers. Investment decisions for non-FEOC supply expansions need to be made now to meet customer requirements under the IRA from the start of 2027, considering long development and customer qualification lead times. Customer commitments must be made before a potential Vidalia Further Expansion project FID is considered.

Vidalia 11.25ktpa AAM Facility (Phase 2)

With the impacts of US Government policy changes and less apparent urgency from customers in purchasing AAM not warranting increased production at Vidalia, Syrah completed various improvement activities supporting process consistency and reliability. Capacity availability testing and utilisation in discrete process areas and production lines was undertaken during the quarter. Vidalia integrated production was limited to ~130t AAM to fulfil customer sample orders for qualification and product development activities. Syrah will commence reporting relevant operating statistics and unit operating costs from Vidalia once capacity utilisation sustainability achieves commercial levels.

Milling yield and furnace line availability and automation will be the key determinants of integrated production capacity utilisation when required. Syrah does not foresee any operational constraints that would prevent Vidalia AAM production being increased to supply commitments under offtake when required by customers.

All AAM produced at Vidalia targeting Syrah's primary AAM specification during the quarter met specification and the Company successfully produced additional AAM product streams to alternative target specifications to broaden its product offering.

The Vidalia operations team also focused on processing documentation, quality assurance and packaging, laboratory testing procedures, various testing requirements for qualification, as well as contamination risk controls. This focus will continue in the December 2024 quarter. The operations team is building significant operating experience through plant operations and qualification. Commercial qualification processes are involving extensive detailed technical interaction and frequent customer site visits, providing Syrah with opportunities to ensure best practice across various customer requirements.

Considering uncertain timing of AAM sales, Syrah will operate Vidalia to the level only necessary to progress customer qualification processes, to reduce operations costs and inventory working capital. The Company will not execute a full ramp up of Vidalia operations and production volumes whilst timing of commercial AAM sales to customers is uncertain.

---

[12] Refer ASX release 23 December 2022.
[13] Refer ASX release 22 July 2022.
[14] Refer ASX release 20 October 2022.
[15] Refer ASX release 9 August 2023.

Syrah guidance for Vidalia's steady state operating cost for the 11.25ktpa AAM Vidalia facility producing at capacity is revised to US$4.31/kg AAM[16], which is ~18% higher than previous guidance due to labour, power and maintenance cost escalation. Vidalia cost guidance is provided at an early stage of operations and is subject to further evaluation of opportunities for cost economies and procurement benefits in transitioning towards steady state operations.

Syrah is expected to be eligible to claim Advanced Manufacturing Production credits under Section 45X of the IRA ("Section 45X Production Credits"). Section 45X Production Credits for the 11.25ktpa AAM Vidalia facility operating at capacity is estimated to be ~US$8 million per annum (~$0.70/kg AAM)[17], offsetting the increase in operating cost guidance.

Approximately 9kt of Balama natural graphite inventory was stored at Vidalia site, proximate to Vidalia or being transported from Mozambique to Vidalia at quarter end.

Vidalia Further Expansion (Phase 3)

In April 2023, Syrah announced the completion of a Definitive Feasibility Study on the expansion of Vidalia's production capacity to 45ktpa AAM, inclusive of the 11.25ktpa AAM facility[18], which confirmed that the project is technically viable, financially robust and is expected to deliver significant value for Syrah shareholders and other stakeholders. Whilst focussing on cost management, Syrah is progressing transition engineering, permitting and other long lead procurement activities for Vidalia Further Expansion project ahead of a FID to be considered by the Syrah Board. Commercial AAM sales from the 11.25ktpa AAM Vidalia facility and significant customer commitments are vital for the Company to finalise project financing and will determine FID timing. Detailed engineering, long-lead items and other procurement, and construction activities will follow a Syrah Board approved FID sequentially.

Community

The rates of local "Miss-Lou" region[19] and female employment were 77% and 20%, respectively, of Vidalia's total labour contingent. The Company has a strong focus on stakeholder engagement at Vidalia and continuing to build strong relationships with local education and training institutions.

Growth Strategy

Considering challenging market conditions and Syrah's financial position, the Company is narrowing its focus and allocation of capital to its core operations and capital projects in Balama and Vidalia. Syrah discontinued discussions with Tees Valley Graphite Limited ("TVG"), a wholly owned subsidiary of Alkemy Capital Investments Plc ("Alkemy") (ALK:LSE) (JV2:FRA), regarding the establishment of a joint venture for a natural graphite AAM facility at Wilton International Chemicals Park ("Wilton") in Teesside Freeport in north-east England.

Market Update

Similar to other areas of the EV and lithium-ion battery supply chain, the capacity expansion and oversupply strategy China is currently pursuing has led to relentless price decline in the synthetic graphite AAM industry, which through domestic product substitution continues to dampen overall natural graphite demand. In the export market, the mix of natural graphite AAM and synthetic graphite AAM remains stable. In China, natural graphite production is modest, aligning with current subdued demand levels, and demand for imported natural graphite fine flake remains low. Over the past two months, the first signs of import or ex-warehouse demand have been evident. However, China import prices and domestic prices remain below the reported production cost thresholds for almost all producers globally.

---

[16] Includes cost of US$425/t (FOB Nacala) for Balama natural graphite, reflecting an approximate all-in cost of production at Balama at full plant utilisation, costs of transporting Balama natural graphite from Nacala to Vidalia and maintenance costs. Excludes Section 45X Production Credit.

[17] Section 45X Production Credit estimate is based on 10% of Vidalia's production cost guidance, including material costs and tax depreciation, and no phase out (see below). Actual Section 45X Production Credits is subject to assessment by the US Internal Revenue Service. Section 45X Production Credits can be reimbursed by the US Internal Revenue Service or monetised via sale and transfer to third-party federal taxpayers, in addition to utilisation as a carried forward tax credit. Monetisation of Section 45X Production Credits is expected to be completed with a time lag after the tax year it is generated in, particularly if via a refund from the US Internal Revenue Service. Monetisation of Section 45X Production Credits via sale and transfer to third-party federal taxpayers is permitted in the tax year that the credit is generated and not before. Section 45X Production Credits for eligible components, including AAM, phases down to 75% in 2030, 50% in 2031, 25% in 2032 and 0% from 2033. Section 45X Production Credits for applicable high purity critical minerals, including graphite, is not subject to phase out rules from 2030 and Syrah is evaluating whether it may continue to claim Section 45X Production Credits as a critical mineral supplier from 2033. Any reimbursement or monetisation proceeds from Section 45X Production Credits will be recorded as non-taxable other income.

[18] Refer ASX release 27 April 2023.

[19] Miss-Lou region refers to Concordia Parish, Louisiana and Adams County, Mississippi.

Conversely, prices in the coarse flake market remain robust, benefitting Syrah. However, these gains have not proven sufficient to subsidise fines production at Balama. Beyond China, import demand for fines from markets such as Indonesia, South Korea, Vietnam, and the USA is expected to drive growth moving forward. Nevertheless, without substantial improvement in China import demand, expectations for the December 2024 quarter fall short of the levels required to incentivise production from more than one campaign under the current operational framework.

Global EV sales increased in the September 2024 quarter, compared with the June 2024 quarter with strong China EV sales growth. Global EV sales increased 17% in the September 2024 quarter compared with the September 2023 quarter, to approximately 4.2 million units[2]. Anode production in China was stable in the September 2024 quarter compared to the June 2024 quarter and increased 9% compared with the September 2023 quarter.

As noted in previous quarters, the synthetic graphite AAM production overcapacity in China has continued to evidence aggressive pricing for market share. Prices for synthetic graphite AAM, especially low-grade products, have remained below estimated production costs. Prevailing synthetic and natural graphite AAM pricing and natural graphite fine flake pricing in China appear to be unsustainable, and will ultimately lead to consolidation or rationalisation of marginal supply capacity, supporting higher medium-term pricing for both synthetic and natural graphite AAM. Tier 1 Chinese anode producers have reported lower quarterly operating margins sequentially through 2024. A top 4 Chinese anode producer has failed to meet debt payments due and appears to have insufficient liquidity to meet its short-term debt payment obligations. This, along with the very low utilisation levels reported for many Chinese AAM plants illustrates the challenging, unsustainable conditions in the industry. Additionally, several ex-China graphite mining operations and development projects have been offered for sale by financially challenged vendors.

Export volumes from China for both AAM and spherical graphite have stabilised at levels observed in the period prior to the announcement of the China export license controls in October 2024, though many spherical graphite processors in China are offline.

Government Policy Update

US Inflation Reduction Act, Guidance on Graphite Sourcing and Implications

There has been strong bipartisan support from the US Government for the development of critical minerals production capacity to supply the US battery supply chain. The IRA offers significant tax credits and financial support to mobilise the development of domestic battery and critical mineral supply chains, and to accelerate the adoption of EVs in the US. Syrah has benefited from funding, tax credit and policy support under the IRA as US EV and battery manufacturing development advanced supply chain demand for natural graphite AAM. This is particularly evident with the requirement to source graphite AAM from non-FEOC for US EVs to potentially qualify for significant New Clean Vehicle consumer credits under Section 30D of the IRA. If any step in the production of natural graphite AAM, from extraction to final processing into high purity material in the cell, is completed by a FEOC, it is deemed to be non-compliant and any EV that uses it in the battery will be disqualified for the Section 30D credit from 1 January 2027. Accordingly, from 2026 North American battery manufacturers and auto OEMs must source large volumes of AAM that do not contain any graphite extracted, processed, or recycled by a FEOC to comply with Section 30D requirements. Ex-China and non-FEOC anode processing companies that are planning to supply North American battery manufacturers and auto OEMs must source long-term ex-China natural graphite feedstock to allow end-customers to qualify for Section 30D credits. Balama is the only major, independent source of high quality, large volume supply alternative to meet these requirements.

In May 2024, the US Government issued updated guidance that granted a transition period to auto OEMs by delaying the requirement for non-FEOC graphite sourcing by two years to 1 January 2027. This update introduced uncertainty into the US supply chain regarding near-term non-FEOC graphite sourcing. Syrah believes that this transition period is counterproductive to the US Government policy and customer supply diversification intent of critical minerals independence. It has allowed China to further entrench its dominance of the global graphite supply chain, with China currently supplying more than 90% of graphite AAM globally. There have been clear impacts of this guidance update on non-FEOC graphite supply chain development, intensity of customer qualification processes underway, and the graphite sourcing approach taken by customers. Customers have expanded requirements, extended timelines for qualification, are preferencing Chinese supply and delaying purchasing from Vidalia, and are pausing negotiation of offtake agreements following the transition period being granted with the updated guidance. The Company has observed minimal support towards non-FEOC graphite suppliers from customers, in the form of binding offtake agreements and purchasing, since May 2024. However, very significant tax credit benefits far exceeding original Congressional Budget Office estimates are accruing to auto OEMs and battery manufacturers in 2024 via Section 30D New Clean Vehicle consumer credits, Section 45X Production Credits and Section 45W Commercial Clean Vehicle credits. These IRA credits will continue to accrue to auto OEMs and battery manufacturers, and in some cases significantly increase, in 2025 with potentially very limited support being provided to non-FEOC graphite suppliers.

Urgent clarification actions are required from the US Government on the "transition rules" for graphite sourcing and support requirements for US EVs to continue qualifying for Section 30D credits from 1 January 2025. Section 30D transition rules should incentivise purchasing of available domestic and non-FEOC graphite under existing customer offtake arrangements, disincentivise support for sub-economic subsidised FEOC graphite supply, and encourage execution of new offtake agreements to support the longer-term objectives of the US Government and customers for non-FEOC graphite supply. Supportive clarification to resolve policy uncertainties and customer demand alignment is imperative for Syrah's near-term sales into ex-China battery supply chains and investment in capacity expansion for the long-term benefit of the US battery supply chain.

The May 2024 final regulations reaffirmed the definition of a FEOC and the 25% limit on Board representation, voting rights, and/or equity interests involving governments of covered nations (including the Chinese Government) in critical minerals production facilities located outside of China and introduced more detailed tracing requirements for critical minerals on the battery supply chain to comply with the requirements of Section 30D.

In October 2024, the US Government released final rules for Section 45X Production Credits, which clarified that direct and indirect material costs, including for raw material extraction and acquired domestic and foreign-sourced raw materials, are eligible production costs. The Section 45X Production Credit for sales of an applicable critical mineral or electrode active material is equal to 10% of eligible production costs incurred by a taxpayer. Syrah Technologies LLC ("Syrah Technologies"), Syrah's wholly owned US subsidiary, is expected to be qualified to claim Section 45X Production Credits quantified by production costs including Balama natural graphite purchase costs. Syrah Technologies has not received an allocation of the Section 48C Manufacturers' Tax Credit under the IRA to date. Either Section 48C or Section 45X credits may be claimed by Syrah Technologies in connection with the Vidalia AAM facility, but not both.

Chinese Government support for sub-economic, high-volume expansion of synthetic graphite AAM industry and graphite export licence controls, US Government critical minerals policy under the IRA, US import tariffs and other policy instruments impact the global market for EV batteries and battery materials such as graphite and AAM. Syrah notes that negative, unfair and/or distortive market impacts caused by policies from a government may need to be countered with policy responses from another government to create a level playing field and to ensure progress towards long-term objectives.

US Section 301 tariffs on Chinese graphite imports

In September 2024, the US Trade Representative ("USTR") finalised actions concerning tariffs on certain imports into the USA from China under Section 301 of the Trade Act to counter unfair and market distortive trade practices by Chinese suppliers and support efforts to shift sourcing of these products outside of China. Following extensive comments from market participants, USTR made no changes to the proposed Section 301 actions on graphite imports. The finalised actions of USTR are:

- Reinstatement of a 25% tariff on both natural graphite AAM and synthetic graphite AAM products from China imported into the US from 15 June 2024[20]; and
- Increase in tariffs to 25% on natural graphite flake and uncoated graphite powder products, including uncoated purified spherical graphite, from China imported into the US from 1 January 2026[21].

China export licensing controls

On 20 October 2023, the Ministry of Commerce ("MOFCOM") and General Administration of Customs ("GACC") in China announced the introduction of export licensing controls for designated "dual-use" graphite products, citing safeguarding of national security and interests and implemented these controls on 1 December 2023. The graphite trade impacts of China's export license controls were a significant increase in exports following the announcement through to implementation and minimal exports over the following three months to March 2024. Impacts have since diminished with trade in China graphite

[20] USTR Federal Register Notice detailing Biden Administration new tariff announcement.
[21] USTR Federal Register Notice detailing Section 301 tariff changes.

and its value-added products under the controls to most countries having normalised, with the notable exception being India where trade remains very low.

EU Critical Raw Materials Act

In May 2024, the European Critical Raw Materials Act ("CRMA") came into force to ensure a secure and sustainable supply of critical raw materials for the European Union ("EU"). The CRMA will strengthen self-reliance of critical raw materials by setting an objective of extracting 10% of the EU's annual consumption of critical minerals within the EU, processing 40% of the EU's annual consumption of processed critical materials within the EU and sourcing no more than 65% of the EU's annual consumption of any strategic raw material at any stage of processing from any single non-EU member country by 2030.

Natural graphite is one of 17 strategic raw materials and 34 critical raw materials identified in the CRMA due to its economic importance and risk of supply disruption. The CRMA also mandates greater co-ordination across EU Member States in the development of strategic partnerships with non-EU member countries to source critical raw materials and introduces accelerated timeframes for permitting of critical raw material extraction and processing projects in the EU. Under the Trade and Cooperation Agreement between the UK and the EU, goods originating or that have been sufficiently processed in the UK and imported into the EU are entitled to benefit from preferential treatment such as zero tariffs.

ESG

Syrah is undertaking varied environmental, social and governance ("ESG") initiatives to meet internal continuous improvement and compliance objectives and to significantly differentiate its production from Chinese natural graphite and AAM production. The assessment of Balama against the Initiative for Responsible Mining Assurance ("IRMA") Standard for Responsible Mining, one of the most comprehensive and rigorous mining standards in the world, continued to progress towards finalisation during the quarter. Syrah's independent auditor is nearing completion of its third-party audit of Balama against IRMA's Standard. A more comprehensive review of the audit report than expected and increased scrutiny from IRMA in the final stages of the assessment process delayed the finalisation and publication of the audit report from Syrah's expected timeline. IRMA's assessment of Balama will be finalised with publication of the audit report on IRMA's website (**https://responsiblemining.net**).

ESG element	Syrah	Major Chinese producers
Responsible Mining Assurance	IRMA independent audit nearing completion	No published commitments
Tailings Storage Assurance	ICMM GISTM alignment underway	No published commitments
Audited Life Cycle Assessment ("LCA")	LCA completed with Minviro and independently reviewed; GWP of ~7.3kg CO_2 equivalent per kg AAM	No published company assessments
Human Rights and Modern Slavery analysis	Published Modern Slavery Statement and action plan	No published commitments

Syrah will continue to engage customers, governments, and other stakeholders to communicate the importance and value of key ESG elements, relative to competing products.

Finance and Corporate

Syrah's cash balance on 30 September 2024 was US$61 million. This amount included restricted cash of US$41 million for reserves associated with the US Department of Energy ("DOE") Advanced Technology Vehicles Manufacturing ("ATVM") loan and proceeds in Syrah restricted project and operating accounts of which US$20 million is available to fund Vidalia operating and capital costs[4]. Net cash flows from operating activities for the quarter was weighed down by low sales and the payment of operating costs at Balama and Vidalia. Net cash outflows from investing activities of ~US$1 million was for sustaining capital expenditure at Balama and Vidalia. Net cash outflows from financing activities included a quarterly interest payment to DOE.

US DOE debt financing for the Vidalia Initial Expansion project

Syrah's ATVM loan from DOE for Vidalia[22] is advanced up to the US$98 million limit and loan advances is fully invested in eligible capital costs.

Syrah commenced interest payments on the DOE loan, with the first quarterly interest payment in July 2024. Capitalised loan interest reached a ~US$4 million maximum limit under the DOE loan in the June 2024 quarter. Quarterly loan principal payments commenced in October 2024. The weighted average fixed interest rate of DOE loan advances is 3.98% and the maturity date of the DOE loan is 20 April 2032.

Syrah is working closely with DOE to use cash funded loan reserves for working capital and debt service payments considering its current expectations for timing of revenue and free cash flow generation.

Update on the US DOE financing for the Vidalia Further Expansion project

Syrah applied for an additional US$350 million ATVM loan for Syrah Technologies, from the DOE to support the funding of the Vidalia Further Expansion project. AAM sales from the 11.25ktpa AAM Vidalia facility and additional offtake agreements are fundamental requirements to progress this DOE loan.

Syrah Technologies' selection for award negotiations for a Bipartisan Infrastructure Law Battery Materials Processing grant of approximately US$220 million from DOE[23] lapsed. The Company notes that DOE selected projects for the 2nd round of Battery Materials Processing grant award negotiations in September 2024. Syrah did not apply for this 2nd round program. While there are benefits associated with DOE grants, debt funding options are expected to provide greater post-tax cash funding and funding flexibility compared with a DOE grant for the Vidalia Further Expansion project. The Company is focused on progressing a DOE loan for the Vidalia Further Expansion project.

US DFC debt financing

Syrah's subsidiary, Twigg Exploration and Mining Limitada ("Twigg"), signed binding documentation with United States International Development Finance Corporation ("DFC") for a loan facility of US$150 million to support Balama[1]. The DFC loan to Twigg will fund Balama capital requirements including:

- Working and sustaining capital in the operations of Balama;
- Current and future expansion of the TSF; and
- Feasibility studies for the development of Balama's vanadium resource.

An initial significant disbursement of the DFC loan to Twigg is expected to be completed in November 2024. Timely completion of this disbursement is imperative for the Company to maintain a prudent cash position.

Mining licences

The following table lists the current mining licences held by Syrah Resources Limited and its subsidiaries at 30 September 2024:

Project	Licence Number	Licence Type	Country	Interest acquired/ farm-in during the quarter	Interest disposed/ farm-out during the quarter	Interest held as at 30 September 2024
Balama	6432C	Mining Concession	Mozambique	-	-	95%

Notes in relation to Appendix 5B

Payments to related parties and their associates during the quarter as outlined in Section 6 of the accompanying Appendix 5B to this quarter's activities report were US$281,062. These payments are related to salaries, superannuation, advisory and consultancy fees paid to directors and/or director-related entities during the quarter ended 30 September 2024, including amounts paid to Sal & Caldeira Advogados, a related party of José Caldeira (Non-Executive Director).

[22] Refer ASX release 28 July 2022.
[23] Refer ASX release 20 October 2022.

This release was authorised on behalf of the Syrah Board by

Shaun Verner, Managing Director

Investor Relations Contact:
Viren Hira
T: +61 3 9670 7264
E: v.hira@syrahresources.com.au

Media Enquiries Contact:
Nathan Ryan
T: +61 420 582 887
E: nathan.ryan@nwrcommunications.com.au

About Syrah

Syrah (ASX code: SYR) is an Australian Securities Exchange listed industrial minerals and technology company with its flagship Balama Graphite Operation in Mozambique and a downstream Active Anode Material Facility in the United States. Syrah's vision is to be the world's leading supplier of superior quality graphite and anode material products, working closely with customers and the supply chain to add value in battery and industrial markets.

Forward Looking Statement

This document contains certain forward looking statements. The words "expect", "anticipate", "estimate", "intend", "believe", "guidance", "should", "could", "may", "will", "predict", "plan", "targets" and other similar expressions are intended to identify forward looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward looking statements. Forward looking statements, opinions and estimates provided in this document are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions.

Forward looking statements, including projections, guidance on future earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. This document contains such statements that are subject to risk factors associated with the mineral and resources exploration, development and production industry. It is believed that the expectations reflected in these statements are reasonable, but they may be affected by a range of variables which could cause actual results or trends to differ materially, including but not limited to the following risks: dependence on commodity prices, availability of funding, impact of inflation on costs, exploration risks, including the risks of obtaining necessary licences and diminishing quantities or grades of reserves, risks associated with remoteness, environmental regulation risk, currency and exchange rate risk, political risk, war and terrorism and global economic conditions, as well as earnings, capital expenditure, cash flow and capital structure risks and general business risks. No representation, warranty or assurance (express or implied) is given or made in relation to any forward looking statement by any person (including the Company). In particular, no representation, warranty or assurance (express or implied) is given that the occurrence of the events expressed or implied in any forward looking statements in this document will actually occur. Actual results, performance or achievement may vary materially from any projections and forward looking statements and the assumptions on which those statements are based. The forward looking statements in this document speak only as of the date of this document. Subject to any continuing obligations under applicable law or any relevant ASX listing rules, the Company disclaims any obligation or undertaking to provide any updates or revisions to any forward looking statements in this document to reflect any change in expectations in relation to any forward looking statements or any change in events, conditions or circumstances on which any such statement is based. Nothing in this document will under any circumstances create an implication that there has been no change in the affairs of Syrah since the date of this document. About Syrah Resources Syrah Resources (ASX code: SYR) is an Australian Securities Exchange listed industrial minerals and technology company with its flagship Balama Graphite Operation in Mozambique and a downstream Active Anode Material Facility in the United States. Syrah's vision is to be the world's leading supplier of superior quality graphite and anode material products, working closely with customers and the supply chain to add value in battery and industrial markets.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

SYRAH RESOURCES LIMITED

ABN	Quarter ended ("current quarter")
77 125 242 284	30 SEPTEMBER 2024

	Consolidated statement of cash flows	Current quarter US$'000	Year to date (9 months) US$'000
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	8,497	26,107
1.2	Payments for		
	(a) exploration & evaluation	-	-
	(b) development	-	-
	(c) production	(19,216)	(62,288)
	(d) staff costs(1)	(7,613)	(23,287)
	(e) administration and corporate costs	(2,444)	(6,490)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	769	2,367
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other – VAT recoveries	824	995
1.9	**Net cash from / (used in) operating activities**	**(19,183)**	**(62,596)**

(1) Includes staff costs in relation to Balama Graphite Operation, Vidalia and Corporate & Administration functions

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) Entities	-	-
	(b) Tenements	-	-
	(c) property, plant and equipment	(1,263)	(21,596)
	(d) exploration & evaluation	-	-
	(e) investments	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter US$'000	Year to date (9 months) US$'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other – Receipts from environmental bond deposit release	-	-
2.6	Other – Payment for environmental bond deposit release	-	-
2.7	Other – Payment for security deposit	-	-
2.8	Other – Release of security deposit	-	-
2.9	**Net cash from / (used in) investing activities**	**(1,263)**	**(21,596)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	64,146
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(2,004)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other – payment for interest and principal on lease liabilities	(745)	(2,221)
3.10	Other – payment for interest on borrowings	(352)	(352)
3.11	**Net cash from / (used in) financing activities**	**(1,097)**	**59,569**

Consolidated statement of cash flows		**Current quarter US$'000**	**Year to date (9 months) US$'000**
4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	81,608	84,889
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(19,183)	(62,596))
4.3	Net cash from / (used in) investing activities (item 2.8 above)	(1,263)	(21,596)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(1,097)	59,569
4.5	Effect of movement in exchange rates on cash held	1,037	836
4.6	**Cash and cash equivalents at end of period**	**61,102**	**61,102**

5.	**Reconciliation of cash and cash equivalents** at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	**Current quarter US$'000**	**Previous quarter US$'000**
5.1	Bank balances	8,000	28,904
5.2	Call deposits	12,344	11,674
5.3	Bank overdrafts	-	-
5.4	Other – Restricted cash	40,758	41,030
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**61,102**	**81,608**

6.	**Payments to related parties of the entity and their associates**	**Current quarter US$'000**
6.1	Aggregate amount of payments to related parties and their associates included in item 1	281
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end US$'000**	**Amount drawn at quarter end US$'000**
7.1	Loan facilities	97,532	97,532
7.2	Credit standby arrangements	-	-
7.3	Other - convertible notes	119,138	119,138
7.4	**Total financing facilities**	**216,670**	**216,670**

7.5	**Unused financing facilities available at quarter end**	-

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

With reference to item 7.1, loan facilities are associated with a US Department of Energy loan facility (DOE Loan) of US$102 million, including US$98 million in loan advances and approximately US$4 million in maximum capitalised interest, to Syrah Technologies LLC, Syrah's wholly owned subsidiary, to support the financing of the initial expansion of the Vidalia active anode material facility in Louisiana, USA. The DOE Loan matures on 20 April 2032 unless repaid earlier. A summary of the key terms of the DOE Loan is in Syrah's ASX release dated 28 July 2022. Syrah has completed advances up to the US$98 million limit of the DOE Loan. Interest on the DOE Loan is fixed at a weighted average rate of 3.98%. The amount reflected in 7.1 comprises DOE Loan advances, capitalised interest, accrued interest to 30 September 2024 and is net of unamortised loan origination costs of approximately US$5 million.

With reference to item 7.3, Syrah issued A$150 million unsecured convertible notes to AustralianSuper in three equal series (Series 4, 5 and 6 Convertible Notes at A$50 million principal per series). Prior to approval of the Shareholder Resolutions, interest accrued on the Series 4 Convertible Note principal outstanding at a rate of 14% per annum, compounded daily, capitalised quarterly in arrears and added to principal outstanding. Following approval of the Shareholder Resolutions on 28 July 2023, interest has accrued and will accrue on the Series 4, 5 and 6 Convertible Notes principal outstanding at a rate of (at the Company's discretion): 11% per annum, compounded daily, capitalised quarterly in arrears, and added to principal outstanding; or 10.5% per annum if Syrah elects to make interest payments in cash. The Series 4, 5 and 6 Convertible Notes matures on 12 May 2028 unless redeemed or converted earlier. A summary of key terms of the Series 4, 5 and 6 Convertible Notes is in Syrah's ASX release dated 27 April 2023. The value provided in 7.3 includes the Series 4, 5 and 6 Convertible Notes face value, interest accrued and capitalised establishment fee. The amount is converted from Australian Dollars to United States dollars at an AUDUSD exchange rate of 0.6932 (Q2 2024: 0.6624)

Following quarter-end, Syrah signed a binding US$150 million loan agreement with United States International Development Finance Corporation (DFC Loan), with a fixed interest rate per disbursement based on the U.S. 20-year Treasury rate plus 400 basis points, maturing in May 2037. A summary of the key terms of the DFC Loan is in Syrah's ASX release dated 30 October 2024.

8.	**Estimated cash available for future operating activities**	**US$'000**
8.1	Net cash from / (used in) operating activities (item 1.9)	(19,183)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	-
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(19,183)
8.4	Cash and cash equivalents at quarter end (item 4.6)	61,102
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	61,102
8.7	**Estimated quarters of funding available (item 8.6 divided by item 8.3)**	3.2

Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.

8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:

8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: Not applicable as item 8.7 is greater than 2.

8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: Not applicable as item 8.7 is greater than 2.

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Not applicable as item 8.7 is greater than 2.

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Date: ....30 October 2024...

Authorised by: ....The Board...

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.